



Washington State Department of
General Administration

Rate Day for 2005-07 Biennium



Introduction & Welcome

**Grant Fredricks
Deputy Director GA**



GA Strategic Plan

Mission

GA helps its customers succeed

Vision

- **Customers seek and value our services and expertise**
- **Others recognize our innovation and efficiency**
- **People want to work here**



GA Strategic Plan

2003-2005 Goals

- Reduce costs while providing best value customer services
- Protect, preserve and reuse state resources
- Increase opportunities for GA employees to excel at their work
- Increase internal efficiency by improving GA's business performance

GA Strategic Plan

2005-2007 Goals

Service

- Highly Satisfied Customers
- Great Quality
- Being the State's Best Value

Stewardship

- Saving Agencies Money
- Using Resources Wisely
- Protecting Public Assets
- Protecting the Environment

Reducing Cost of GOVERNMENT



Themes for GA Rate Day

- Keeping GA Costs Low and Value High
- Aligning GA Services with GA Costs
- Organizing to Optimize GA Service Delivery and Accountability
- Convincing Agencies to Buy More Services from GA
- Providing Statewide Leadership

05-07 Policy Initiatives

- Accelerate enterprise wide approaches to procurement and supply management
- Provide better office buildings at lower cost than from private owners
- Complete transition to self supporting parking operation
- Eliminate rent subsidy of Seat of Government operations
- Fund Real Estate program more simply
- Substantially reduce motor pool rates
- Establish EAS as fee for service program

Assumptions

	FY06	FY07
COLA	2.1%	2.2%
Health Benefits	10.0%	10.0%
Revolving Funds	10.0%	10.0%

All rates are best estimates. If actual costs substantially deviate from our assumptions, rates will be reviewed

Office of State Procurement

Bill Joplin
Assistant Director

Servando Patlan
Purchasing Manager



The Office of State Procurement (OSP) is committed to provide strategic sourcing, policy leadership and expertise for government.

Statewide Systems

- Washington Electronic Business Solutions (WEBS). Single portal for vendor registration and bid notification

Legislative & Policy Representation

- Competitive Contracting, Offshore Contracting, International & Interstate Trade, The Environment, and Local Government Support

Training the Purchasing Community

- Vendors to compete
- Agency staff on effective procurement
- Agency management on legal requirements



OSP is organized into two programs:

Purchasing & Contract Administration (PCA)

- Competition, Diversity and Access
- Consolidated Purchasing Power

Materials Management Center (MMC)

- Consumable Inventory Efficiency
- Policy Leadership in a Fragmented Statewide Logistics Model

We provide contracts and materials management services that result in the greatest socio-economic value to our customers and the state.

Best Value

Purchasing Contract Administration will be 30% cheaper than private sector for acquisition services. (current 31%)

The Materials Management Center market basket (of top 300 demanded items) will be 10% below competition in the private sector. (current 11%)

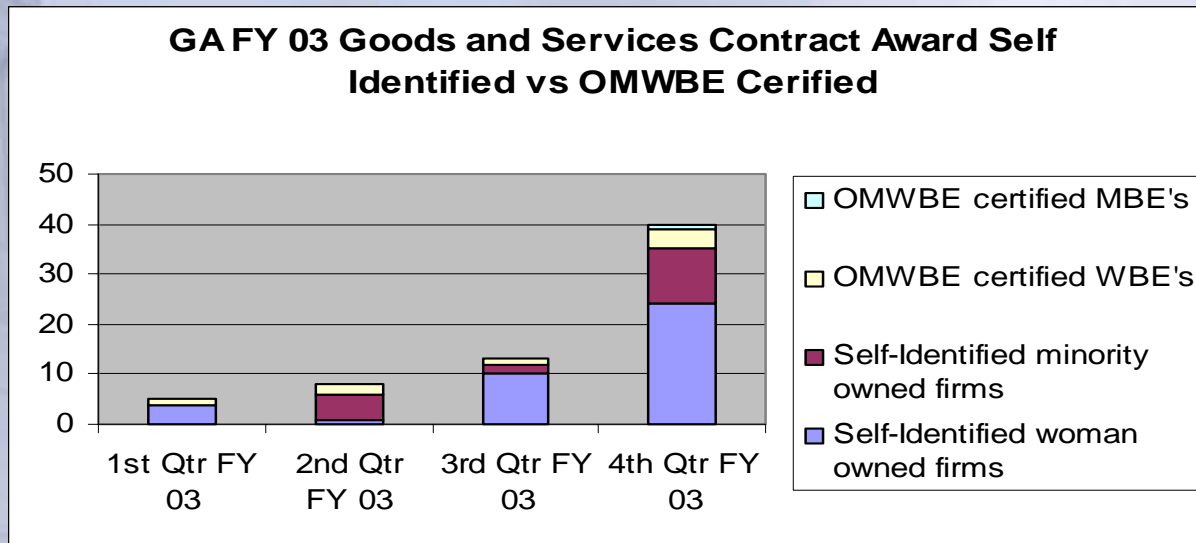
Accomplishments

- New savings to government exceeding \$6 million since the beginning of FY 2003.
- Statewide leadership for development of competitive contracting rules and guidelines.
- Sustainability leadership. On-line catalog EPP identification to collaborating on drafting of the Governors Executive Order on Sustainability.
- Increased outreach for vendors. On track to provide small, minority owned and women owned businesses 18,000 hours of training and information in FY 2004. This translates to successful diversity in state business to assist agencies with their OMWBE participation goals in agency level bids and in state contract participation.

Accomplishments

Reduced cost of consumable supplies in government by \$2 million since July 2002.

By tracking self-identified as well as OMWBE certified ownership we begin getting a more complete picture of return on outreach efforts.



Initiatives

- Significantly reduce consumable supply inventory costs in 05-07.
- Improve supply storage infrastructure resulting in consolidation or elimination of a significant amount of square footage.
- Save government an additional \$20 million in acquisition of goods and services in 05-07. (on track for \$12 million in 03-05)
- Improved access to government spend and reduce the cost of doing business with the state.

Initiatives

- Continue to reduce or eliminate barriers to participation in the government purchasing process.
- Strategic sourcing from statewide spend analysis to aggregate spend & contract term benefit plans for state contracts.
- Work collaboratively with customers to economically support state sustainability goals.
- Provide customers support during implementation phase of PSRA competitive contracting.

Rates

No increased rates for any OSP service.

The usage based Purchasing Administration Fee (PAF) Cost May change between agencies(+/-). The effective rate remains the same, but it is based on each agency's contract spend in calendar year 2003. Preliminary data will be available in April.

Full utilization of MMC "orderless supply services" PUSH and CIM, can dramatically decrease the cost of supply management.



State Capitol Facilities

Offices

Seat of Government (SOG)

Parking

Division of Facilities Planning and Management

◆ **Lenore Miller, Assistant Director**

Division of Capitol Facilities

◆ **Bill Moore, Assistant Director**

Division of State Services

◆ **Bob Bippert, Assistant Director**



Division of Facilities Planning & Management

Facilities Planning and Policy

- Master Plans, Predesigns and other planning
 - 10-year Capital Plans
 - Historic Preservation & Culture Resources

Asset Management

- Set service levels and rates
- Administer leases
- Business Plans & Financial Performance

Capital Programs

- Owner Project Management
- Quality Assurance
- Design & Construction Standards



Business Lines Vision

- **Offices to house State Government**

Provide safe, secure, and cost effective facilities for governmental entities that are conveniently located and sufficiently sized to provide a productive and comfortable environment for occupants and visiting public.

- **Seat of Government to host the Public**

Preserve the beauty, value, and functionality of the Washington State Capitol Campus public assets, for today and the future.

- **Parking to support Campus users**

Provide parking facilities to agencies, employees, and the visiting public that are sufficiently sized, conveniently located, cost effective, safe and secure.

03-05 Accomplishments

- Developed business tools for a fee-for service business model
- Completed 90% of the Nisqually Earthquake repairs
- Received Governor's Award for Deschutes Parkway Earthquake Repairs
- Saved or avoided \$345,683 dollars in capital project costs
- Established Historic Preservation expertise

Best Value Goals

Office Rent Goal - 15% below market rates

Actual - 34% below

Parking Fees Goal - 15% below market rates

Actual – 40 – 50% below

05-07 Initiatives

#1 Transition to a business model – True fee-for service

Action –

Realign rates between Offices, SOG, and Parking to cover the current services associated to each business line

Result -

Reduce the subsidization of the Parking and SOG by office rents

Impact -

Increase SOG & parking fees

Reduce rent rates

Net Zero Change for current service levels

05-07 Initiatives

#2 Improve service and stewardship

Action –

- Move office cleaning from reimbursable to base
- Increase preventative maintenance services
- Enhance enforcement at parking facilities
- Improve security at public facilities
- Improve maintenance of historic assets
- Restore grounds crew at Deschutes & Heritage Park

Result –

Safer, healthier and more reliable facilities

Improve assets physical and financial performance

Impact -

Increase rent, SOG and Parking fees

Rent increase offset by reduced reimbursable cost

05-07 Initiatives

#3 OFM & Legislative policy driven adjustment

Action –

Shift costs historically included in GA's capital budget to the operating budget

Result -

Existing services will be included in the operating budget:

- Asset Management and Facilities Planning
- Studies (not part of a funded project)
- Capitol Lake maintenance
- Small repairs

Impact -

Increase Office rents and SOG & Parking fees
Offset by more funds available for capital projects

Office Rents

**05-07 Cost allocation based on rentable square feet
(Move to negotiated rental rates in 07-09)**

Rate reduction includes:

Reduce Subsidization of SOG and Parking

Rate increase includes:

Increased Service & Stewardship

Shift operating costs from capital

Rates per year:	<u>03-05 Rate</u>	<u>05-07 Rate</u>
Facilities and Services	\$ 6.39	\$ 7.13
Capital Project Surcharge	<u>\$ 5.00</u>	<u>\$ 5.00</u>
Total Occupancy Costs	\$11.39	\$12.13
Increase	+\$0.74	

H-L and NRB Building rents begin to include \$2 for CPS

SOG Charge

SOG rates are assessed on FTEs within Thurston County

Rate increase includes:

- **Reduce Subsidization**
- **Increased Service, Stewardship & Historic Preservation**
- **Enhanced Security**
- **Shift operating costs from capital**

Annual FTE Charge:

	<u>03-05 Rate</u>	<u>05-07 Rate</u>	<u>Increase</u>
Charge	\$103	\$253	\$150

Assumes 21,974 Thurston County FTEs

Parking Fees

05-07 Parking fees will cover the all facility costs – maintenance, operations, renewal, debt

Rate increase includes:

- Reduce Subsidization
- Increased Service & Stewardship
- Enhanced Enforcement
- Debt to complete East Plaza Garage Repairs
- Shift operating costs from capital

Monthly fee per stall:

	<u>03-05 Rate</u>	<u>05-07 Rate</u>	<u>Increase</u>
Agency	\$30.00	\$45.00	\$15.00



Division of Capitol Facilities

Bill Moore
Assistant Director

John Tafejian
Business Manager

Rate Day Presentation



Division of Capitol Facilities

Mission

- Ensure health and safety of tenants
- Help our customers succeed
- Maximize the useful life of assets that we maintain

Service Area

- 50 buildings - 3,218,201 sq ft
- 4 parking garages - 1,218,201 sq ft
- 14 acres of open parking lots
- 484 acres of grounds and capitol lake
- 24,886 linear ft of roadway
- 4 parks



Division of Capitol Facilities

Services We Provide

Office Space

- Building Maintenance
- Reimbursable Services
- Building Operations
- Custodial
- Refuse and Recycle
- Building Security
- Card Keys
- Utilities
- Incident Reports

Seat of Government

- Grounds Maintenance
- Parks/Roads Maintenance
- Visitor Services
- Tours
- Facilities Use Permits

Parking Operations

- Parking Administration
- Parking Enforcement
- Parking Lot Maintenance

Best Value

Skilled Trades Comparisons per Square Foot

Number of skilled trades identified to maintain a facility the size that DCF manages. 3,218,201 square ft.

	DCF	IFMA	Means
CLASSIFICATION	Actual	Average	Average
Carpenter	7	12.9	20.8
Electrician	8	12.9	14.3
Painter	5	12.9	14.3
HVAC Tech	10	21.4	27.0
Supervisor	8	11.7	13.9
TOTAL	38	72	90

IFMA: International Facilities Management Association

Means: RS Means is a nationally recognized estimating guide.



Division of Capitol Facilities

Accomplishments 03-05

- **Marble restoration capability**
- **Fixed contract pricing for reimbursable work**
- **Energy Conservation - Electricity use reduced by 14.7%; natural gas reduced by 26.2% (base year 2000)**
- **Enhanced Security and Emergency Management**
- **Coming Soon: On-line ordering for card keys**



Division of Capitol Facilities

Initiatives 05-07

- **Custodial Service Standards - reduce reimbursable service.**
- **Preventive Maintenance - 100% completed. Currently have staff to complete 75% of PM.**
- **Heritage Park Gardeners**
- **Legislative Building Reopening**



Division of Capitol Facilities

Card Key Prices

- **Annual Maintenance Fee** **\$3.50**
- **Building Access Card** **\$4.00**
- **Photo ID Card** **\$4.00**
- **Photo ID with Bar code** **\$5.00**
- **Lost Card** **\$15.00**
- **Proximity Card** **\$15.00**



Division of Capitol Facilities

Reimbursable Services

Construction – Paint - Sign

Call for a free estimate
725-0000

Division of Capitol Facilities

Hourly Rate Charges

<u>Job Classification</u>	<u>Current</u>	<u>FY 05</u>	<u>FY 06</u>
▪ Trades (fixed price and hourly rates used)	\$46.75	\$54.00	\$56.90
▪ General Repairer	\$42.40	\$49.50	\$51.40
▪ Custodian (Mostly contract rates, some hourly rates used)	\$27.65	No Increase!	

Thank You

**The Division of Capitol Facilities
extends our appreciation for using
our services. We are here to help.**

**Call our Customer Service Center at
725-0000
anytime for free estimates.**



Division of State Services

Bob Bippert
Assistant Director

Consolidated Mail Services

Motor Pool Services

Real Estate Services / Commute Trip Reduction
Program

Surplus Programs

Consolidated Mail Services

Services Provided

- Campus mail service
 - Marysville to Vancouver
 - Aberdeen to Enumclaw
- Incoming mail received from USPS
- Outgoing mail service for state agencies and political sub-divisions

Consolidated Mail Services

Best Value

- CMS Campus mailing rates average 28% less than private sector rates

Consolidated Mail Services

Accomplishments

- Track sensitive Campus mail using handheld computer scanners
- New generation Inserters called “file-based”

Consolidated Mail Services

Benefits of File-Based Inserting

- View actual document on-line
- Send electronic and/or hard copy mail
- Track each piece from print through CMS processing through USPS
- Document altering capabilities

Consolidated Mail Services

Rates

- Rates have remained the same since 2001
and CMS has rebated 1% on it's services for 3 years
- CMS 05-07 proposed rates will rise an average of 4%
Example: If a customer's invoice is \$50,000 annually,
the 05-07 invoice would be \$52,000
- Personalized fiscal impact statement

Consolidated Mail Services

USPS Increase

- USPS is considering an increase of 10.8% in 2006
- The effect on mail processed at CMS will be \$1.65 million biennially.

State Motor Pool Services Provided

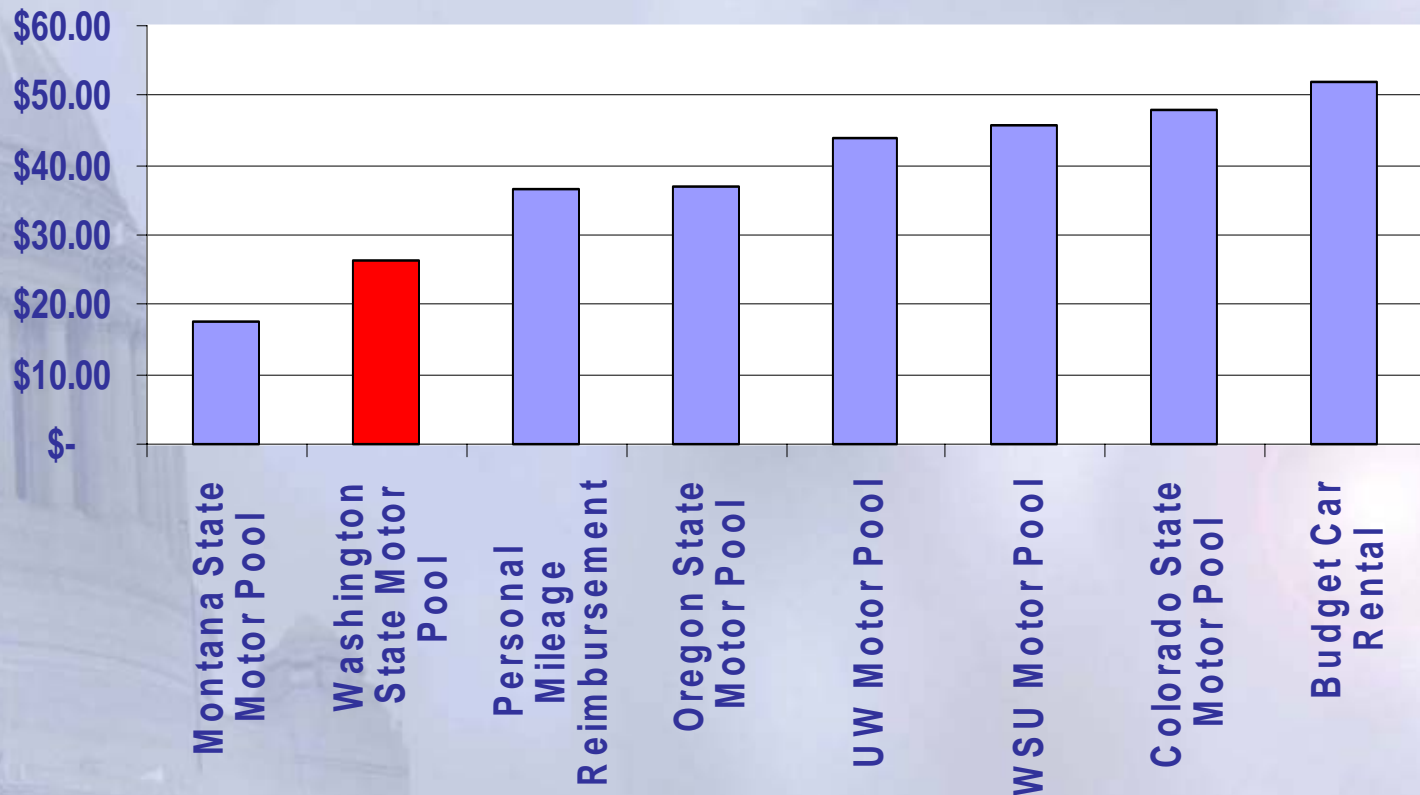
- Permanently Assigned Vehicles
- Daily Rental Vehicles
- Vehicle Maintenance
- ALL AT THE LOWEST COST !

Vehicles include: sedans, SUV's, pickups, vans, hybrids

LOWEST RATES IN THE INDUSTRY!

50% less than Commercial Rates

1-Day, 100 Mile Trip



Note: Montana does not cover all costs, it is part of DOT

State Motor Pool

Accomplishments FY 03

- Reduced Daily Rates 4.6% (\$300,000)
- Rebated \$1 million to Customers
- Established Replacement Criteria of :
 - Sedans - 85,000 miles
 - Light Trucks and Vans - 100,000 miles
- Partner with King County to offer Motor Pool and Repair Services in Seattle
- Finance vehicle replacements with COP

State Motor Pool

Initiatives FY 05-07

- Continued use of COP financing
- Greatly Reduce Daily and Mileage Rates
- Improve Customer Satisfaction
- Investigate Alternative Fuels
- Expand Motor Pool Management of Agency Owned Vehicles
- Continue use of mileage rates adjusted for fuel prices



State Motor Pool

FY 05 Proposed Rate Reductions!

(effective 7/1/04)

- Vehicle Daily Rates will be discounted significantly in FY 05
- Prius hybrid mileage rate reduced 46% effective 7/1/04 (\$0.13 to \$0.07 for tier 4 rates)



State Motor Pool

FY 05-07 Rate Reductions!

- Vehicle Daily Rates for FY 05-07 will be discounted significantly compared to FY 03
- Vehicle Mileage Rates for FY 05-07 will be reduced 10% (average reduction) compared to FY 03-05
- Motor Pool Maintenance Labor rates for agency owned vehicles will increase to \$55/hr in FY 05-07



Real Estate Services Provided

Leasing

- Emphasis on consolidation/co-location
- Emphasis on competitively priced space that meets client program requirements and employee needs

Design

- Emphasis on quality and environmentally sustainable space



Real Estate Services Provided

Acquisition & Disposal

- Emphasis on negotiating purchase and sale agreements that reduce the risk to and protect the State

Facilities Operations

- Ensuring that tenants in state-owned or leased facilities occupy safe, well-maintained and cost-effective facilities.



Real Estate Services Provided

Best Value

State Lease rates are
15% lower than average market rates
(\$2.77/SF/year savings or
a total of \$27,525,576/year)

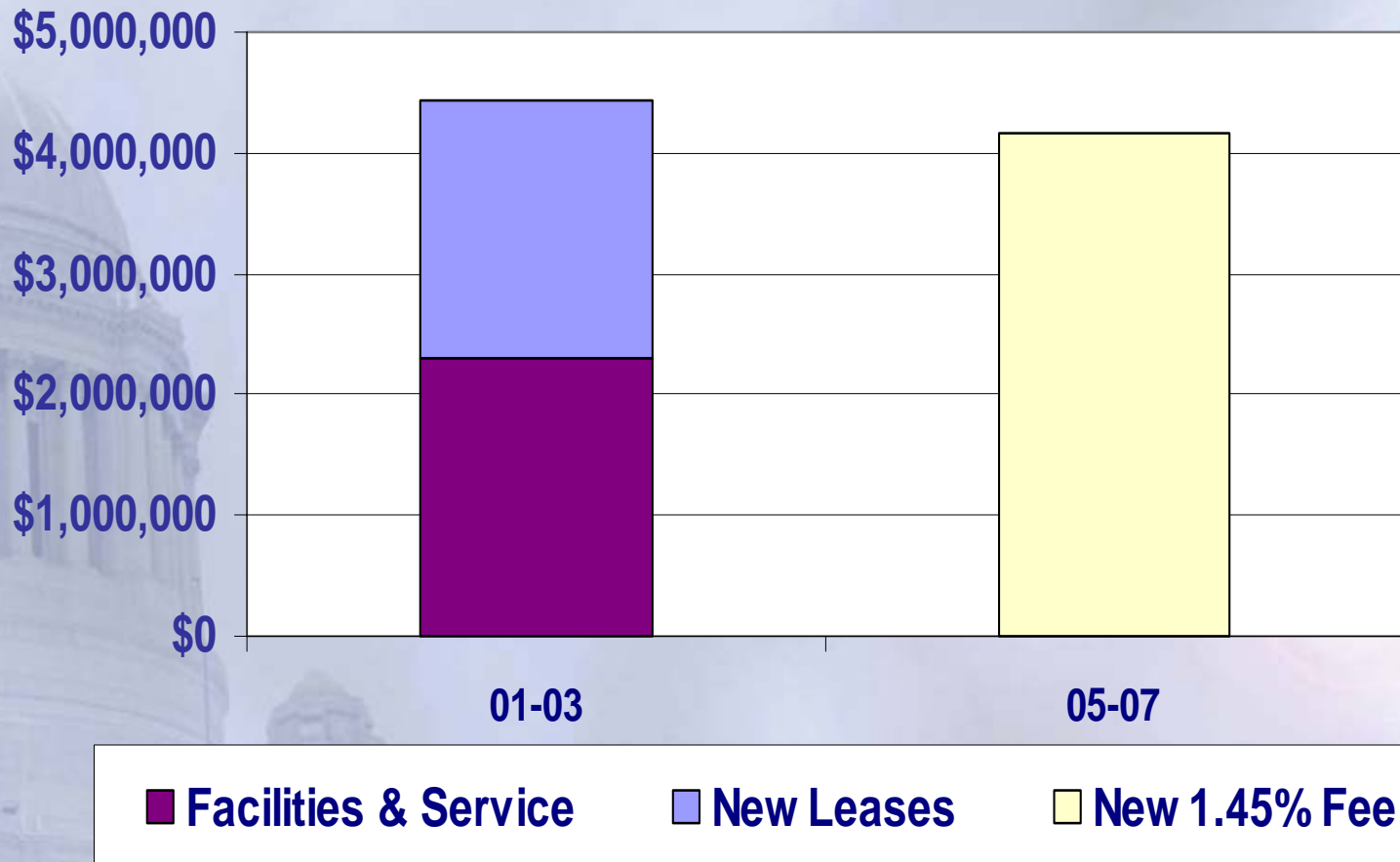
Proposed New Service Fee

Eliminate commission fees on new leases

Eliminate Facility and Services allocation
on lease renewals

**Replace them both with
a new 1.45% Service Fee on the
value of all active leases**

Total Funding All Agencies Comparison Biennium 01-03 to Biennium 05-07





New Service Fee

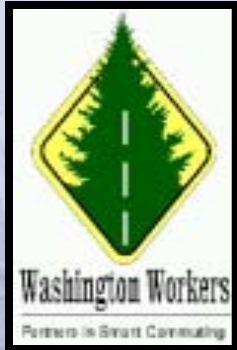
More consistent and stable

More predictable and equitable

Billed out quarterly

Includes more services such as dispute resolution with landlords and CTR services

Commute Trip Reduction (CTR)



Policy and program support to state agencies affected by CTR Law:

- 100 or more employees in a single worksite
- Located in nine CTR-affected counties
- 38 Agencies, 24 colleges, 165 worksites



Implement Governor's executive order 01-03 for telework and flexible work hours policies

State Agency Rider (STAR) Pass (Thurston County)

Guaranteed Ride Home Program

State Surplus Fiscal Impacts

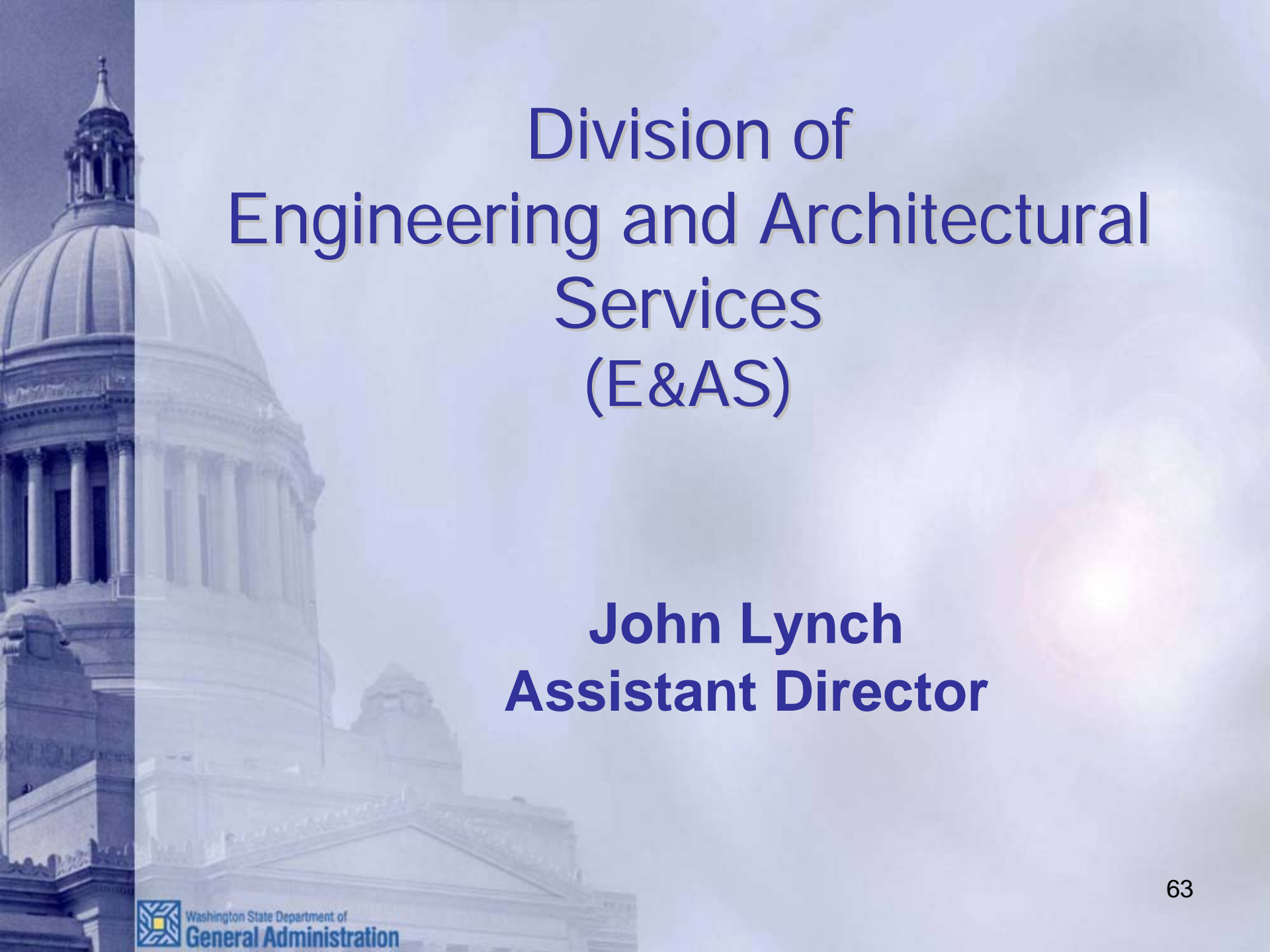
- Net revenue down 16% from previous FY
- Vehicles selling for less than \$1,400 at auction has increased from 15% in 1996 to 33% in 2003
- Cost of electronic waste disposal, \$2,500 monthly
- Revenue loss due to C4K \$400,000 annually
- Transportation costs currently \$180,000 per year

State Surplus Fiscal Actions

- Establish flat rate charge of \$290 per light vehicle to include transportation
- Heavy equipment will carry a \$150 minimum and a \$900 maximum. Any transportation cost over \$500 will be billed.
- 100% of warehouse proceeds will be retained by Surplus Programs. (This will pay for shipping of property to Surplus Programs and avoid charging agencies for pickup)

Federal Surplus Fiscal Actions

- No Rate Increase
- Fixed Price Program for vehicles charged at fair market value
- Federal Surplus Donation Program, 5% shipping and handling fee



Division of Engineering and Architectural Services (E&AS)

John Lynch
Assistant Director

E&AS Overview

- Our staff of 80 includes 35 licensed professional engineers and architects
- Our primary mission is to provide project management services to:
 - Community Colleges
 - Department of Corrections
 - Social and Health Services
 - Washington State Patrol
 - Military Department
 - General Administration - and many others

Services We Provide

- Project Management for state funded public works projects (core program)
- Reimbursable Project Management
- Energy Performance Contracts
- Plant Operations Support
- Barrier Free Design services
- Other professional services
 - Sustainable Design Support
 - Digital Record Drawing Management

Services We Provide

- Our comprehensive project management services include support from a wide variety of specialties:
 - Mechanical, Electrical, Civil and Energy engineers
 - Architects and Landscape Architects
 - Construction cost and claims expertise
 - Contracts management
 - Sustainable design
 - Barrier free design

Best Value

- Market survey shows our project management costs are 40% lower than the cost of equivalent private sector services.
- Our energy services and Plant Operations Support services provide customer benefit to cost ratios greater than 3 to 1.
- 30% of our division business comes to us from agencies who choose to use our services for the value we provide.

Accomplishments

- In FY-03 we:
 - Completed 281 construction projects with a total value of \$317 million.
 - Saved government agencies in Washington over 14 million kWh through energy contracts.
 - Saved government agencies \$5,980,000 through our Plant Operations Support efforts.

Rates

- Our fully loaded rates are:
 - \$85 per hour for professional services
 - \$50 per hour for associate support
- Project Management costs are determined by the expected hours per week spent and the project duration.
- We use an established average based on the size of the project (total funding).

Rates

- Our fee schedule covers the range of projects from \$5,000 through \$100 million.
- For a \$4 million project:
 - 4.2 hours per week – professional level
 - 1.8 hours per week – associate level
 - 135 week project duration
 - Yields a fee of \$60,345
 - Or 1.5% of project funding

Rates

- We will establish an Interagency Reimbursement Agreement for any project that is funded outside the state's capital budget.
- Our fees for state funded projects have been based on an estimated workload.
- We are exploring the possibility of applying our fee schedule directly to projects in the state's capital budget.

Rates

- Please contact E&AS to obtain a project management fee estimate for:
 - Capital budget projects > \$20 million
 - Projects with funding outside the state's biennial capital budget

John Lynch

360 902-7227

jlynch@ga.wa.gov



Washington State Department of
General Administration

Rate Day for 2005-07 Biennium